



**TIME ENGINEERING BERHAD (10039-P)  
QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

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**THE FIGURES HAVE NOT BEEN AUDITED**

**I(A) CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current year quarter 31/3/2010 RM'000</b>	<b>Preceding year corresponding quarter 31/3/2009 RM'000</b>	<b>Three months to 31/3/2010 RM'000</b>	<b>Three months to 31/3/2009 RM'000</b>
1. (a) Revenue	25,431	25,182	25,431	25,182
(b) Cost of sales	(11,990)	(3,053)	(11,990)	(3,053)
(c) Gross profit	13,441	22,129	13,441	22,129
(d) Other income	782	1,167	782	1,167
(e) Expenses	(7,027)	(15,263)	(7,027)	(15,263)
(f) Finance cost	(3,647)	(23)	(3,647)	(23)
<b>(g) Profit before income tax</b>	<b>3,549</b>	<b>8,010</b>	<b>3,549</b>	<b>8,010</b>
(h) Income tax (Note 13)	(1,674)	24	(1,674)	24
<b>(i) Profit for the period</b>	<b>1,875</b>	<b>8,034</b>	<b>1,875</b>	<b>8,034</b>
<b>Profit attributable to:</b>				
(j) Owners of the Parent	871	6,895	871	6,895
(k) Minority interest	1,004	1,139	1,004	1,139
	<b>1,875</b>	<b>8,034</b>	<b>1,875</b>	<b>8,034</b>
	=====	=====	=====	=====
2. Earnings per share based on 1(j) above (Note 24)				
(a) Basic	0.11 sen	0.89 sen	0.11 sen	0.89 sen
(b) Diluted	NA	NA	NA	NA



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I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2010 RM'000	Preceding year corresponding quarter 31/3/2009 RM'000	Three months to 31/3/2010 RM'000	Three months to 31/3/2009 RM'000
1. Profit for the period	1,875	8,034	1,875	8,034
Other comprehensive income for the period, net of tax				
- Gain on fair value in financial assets available-for-sale	76,249	-	76,249	-
<b>Total comprehensive income for the period</b>	<b>78,124</b>	<b>8,034</b>	<b>78,124</b>	<b>8,034</b>
<b>Attributable to:</b>				
Owners of the Parent	77,120	6,895	77,120	6,895
Minority interests	1,004	1,139	1,004	1,139
	<b>78,124</b>	<b>8,034</b>	<b>78,124</b>	<b>8,034</b>
2. Earnings per share from owners of the parent				
(a) Basic	9.95 sen	0.89 sen	9.95 sen	0.89 sen
(b) Diluted	NA	NA	NA	NA

The above Consolidated Statement of Comprehensive Income have been prepared in compliance to FRS139, please refer to the notes on page 7 and 8 to the condensed consolidated financial statements.

The Condensed Consolidated Income Statement and Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

Note: NA denotes "Not Applicable"



**TIME ENGINEERING BERHAD (10039-P)**  
Incorporated in Malaysia

**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010**

**II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 31/3/2010 RM'000</b>	<b>Audited As at 31/12/2009 RM'000</b>
<b>ASSETS</b>		
1. Non-current assets		
Property, plant and equipment	10,520	11,275
Intangible assets	3,787	3,943
Investment property	303	303
Financial assets available-for-sale	352,230	348,599
	<hr/>	<hr/>
	366,840	364,120
2. Current assets		
Receivables, deposits and prepayments	30,077	26,113
Inventories	60	63
Tax recoverable	4,952	23,969
Cash and cash equivalents	93,723	82,626
	<hr/>	<hr/>
	128,812	132,771
	<hr/>	<hr/>
<b>Total assets</b>	<b>495,652</b>	<b>496,891</b>
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
3. Equity attributable to Owners of the Parent		
Share capital	155,049	155,049
Reserves	(8,360)	(12,862)
	<hr/>	<hr/>
	146,689	142,187
4. Minority interests	14,698	21,457
	<hr/>	<hr/>
Total equity	161,387	163,644
	<hr/>	<hr/>
5. Non-current liabilities		
Redeemable Secured Loan Stocks	305,476	303,561
Deferred tax liabilities	138	138
	<hr/>	<hr/>
	305,614	303,699
6. Current liabilities		
Payables and accruals	24,988	26,737
Deferred income	203	-
Tax payable	3,460	2,811
	<hr/>	<hr/>
	28,651	29,548
	<hr/>	<hr/>
Total liabilities	334,265	333,247
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>495,652</b>	<b>496,891</b>
	=====	=====
7. <b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.19</b>	<b>0.18</b>
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.



**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010**

**III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited Three months to 31/3/2010 RM'000</b>	<b>Unaudited Three months to 31/3/2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	18,945	35,573
Cash payments to suppliers	(8,470)	(10,231)
Cash payments to employees and other expenses	(9,284)	(9,335)
	1,191	16,007
Cash from operations	1,191	16,007
Net income tax refunded/(paid)	17,993	(1,547)
	19,184	14,460
<b>Net cash from operating activities</b>		
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(709)	(1,013)
Proceeds from disposal of plant and equipment	121	-
Interest received	264	576
	(324)	(437)
<b>Net cash used in investing activities</b>		
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	-	(25,000)
Interest paid	-	(150)
Decrease/(Increase) in deposits pledged	1,147	(6,443)
Capital distribution by subsidiary to minority interests	(7,763)	-
	(6,616)	(31,593)
<b>Net cash used in financing activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	12,244	(17,570)
Cash and Cash Equivalents as at beginning of financial period	68,316	94,479
	(a) 80,560	76,909
<b>Cash and Cash Equivalents as at end of financial period</b>	80,560	76,909
	=====	=====

(a) **Cash and Cash Equivalents comprise the following amounts:**

	<b>As at 31/3/2010 RM'000</b>	<b>As at 31/3/2009 RM'000</b>
<b>Current</b>		
Deposits with licensed banks and cash and bank balances		
- Unrestricted	80,560	76,909
- Restricted	13,163	24,057
	93,723	100,966
	93,723	100,966
Less: Fixed deposit pledged as security	(13,163)	(24,057)
	80,560	76,909
Cash and Cash Equivalents at end of the financial period	80,560	76,909
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.



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**IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

In RM'000	Attributable to owners of the parent						Minority interests	Total equity
	Share Capital	Share Premium	Other Reserves	Available-For-Sale Reserves	Accumulated Losses	Total		
	← Non-distributable →							
<b>Three months to 31 March 2010 (Unaudited)</b>								
Balance as at 1 January 2010	155,049	-	-	-	(12,862)	142,187	21,457	163,644
Effect of adopting FRS 139	-	-	-	-	(72,618)	(72,618)	-	(72,618)
Balance as at 1 January 2010 (restated)	155,049	-	-	-	(85,480)	69,569	21,457	91,026
Total comprehensive income for the period	-	-	-	76,249	871	77,120	1,004	78,124
Capital distribution by subsidiary to minority interests	-	-	-	-	-	-	(7,763)	(7,763)
Balance as at 31 March 2010	155,049	-	-	76,249	(84,609)	146,689	14,698	161,387
<b>Three months to 31 March 2009 (Unaudited)</b>								
Balance as at 1 January 2009	775,245	1,717,012	18,419	-	(2,392,114)	118,562	19,008	137,570
Total comprehensive income for the period	-	-	-	-	6,895	6,895	1,139	8,034
Balance as at 31 March 2009	775,245	1,717,012	18,419	-	(2,385,219)	125,457	20,147	145,604

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.



## Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010

### PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

#### V NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

#### 1 Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective 1 January 2010 as disclosed below:

FRS 7: Financial Instruments: Disclosure  
FRS 101 (Revised): Presentation of Financial Statements  
FRS 139: Financial Instruments: Recognition and Measurement  
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards  
Amendments to FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate  
Amendments to FRS 132: Financial Instruments: Presentation  
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives  
Amendments to FRSS ‘Improvements to FRSS (2009)’  
IC Interpretation 9: Reassessment of Embedded Derivatives  
IC Interpretation 10: Interim Financial Reporting and impairment

The adoption of the above pronouncements does not have significant impact to the Group, except as described below:

##### (a) FRS 139: Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments as follows:

##### (i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, financial assets held-to-maturity, loans and receivables or financial assets available-for-sale.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

##### (aa) Investment in quoted shares, TIME dotcom Berhad (“TdC”) and quoted unit trust

Prior to 1 January 2010, the Group classified its investments in TdC share and quoted unit trust as non-current investments which were carried at cost less allowance for diminution in value. With the adoption of FRS139, these investments are now classified as financial assets available-for-sale and measured at fair value.

The difference between the carrying value of the Group’s investment in TdC shares and the fair value, amounting to approximately RM72.6 million has been recognised as impairment loss, and adjusted against the opening balance of Accumulated losses as at 1 January 2010 on adoption of FRS139. Whilst the subsequent changes in fair value of these financial assets have been recognised directly in the Consolidated Statement of Comprehensive Income as Available-For-Sale Reserves.

**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010**

**PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16**

Summary of the financial impact to the Group's consolidated financial statements are as follows:

	<u>Available- For-Sale Reserves</u>	<u>Accumulated Losses</u>	<u>Net Assets Attributable To Equity Holders</u>
As at 1 January 2010			
- Increase in Accumulated Loss/reduction of Net Assets as a result of the adjustment to the opening balances	-	(72,618)	(72,618)
For the three months to 31 March 2010			
- Increase in Available-For-Sale Reserves/increase in Net Assets recognized in Statement of Comprehensive Income	76,249	-	76,249

(bb) Investment in debt securities

Prior to the adoption of the FRS 139, investment in unquoted private debt securities, structured products/commercial papers were previously carried at cost less amortised premium. With the adoption of FRS 139, these investments are now categorised and measured as held-to-maturity or available for sale.

(cc) Trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

(ii) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost using the effective interest method. Financial liabilities at fair value are held for trading if the financial liabilities are incurred with the intention of repurchasing them in the near term or derivative liability unless it forms part of a designated and effective hedging relationship.

(b) FRS 101 (revised): Presentation of Financial Statement

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. Pursuant to the revised standard, the Group presents all non-owner changes in equity separately in the Consolidated Statement of Comprehensive Income.

Comparative information has been re-presented in conformity with the revised standard too.

**2 Audit report in respect of the 2009 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2009 was not qualified.

**3 Seasonal or cyclical factors**

The Group's operations are not subject to any seasonal or cyclical factors.





**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010**

**PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16**

**4 Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

**5 Material changes in estimates used**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

**6 Debt and equity securities**

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 2010.

**7 Dividend**

The Directors do not recommend the payment of any dividend for the current period ended 31 March 2010 (2009: Nil).

On 29 April 2010, the Company announced that for the financial year ended 31 December 2009, the Board of Directors recommends a final gross dividend of 1.333 sen, less tax of 25% on ordinary shares in issue of 775,244,683 for shareholders' approval at the forthcoming Annual General Meeting of the Company.

**8 Segmental information for the current financial period**

The Group's activity is mainly carried out in Malaysia and within the Information Communications & Technologies' industry.

**9 Material events subsequent to the current financial period**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2010 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 31 March 2010.

**10 Changes in the composition of the group**

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinuing operations.

**11 Contingent liabilities**

There are no material changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2009.

**12 Capital commitments**

There are no material capital commitments as at the date of this announcement.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB**

**13 Income taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2010 RM'000	Preceding year corresponding quarter 31/3/2009 RM'000	Three months to 31/3/2010 RM'000	Three months to 31/3/2009 RM'000
Malaysian taxation				
- Current taxation	(1,674)	(2,976)	(1,674)	(2,976)
- Over provision in prior year	-	3,000	-	3,000
	<u>(1,674)</u>	<u>24</u>	<u>(1,674)</u>	<u>24</u>

**14 Disposal of unquoted investments and/or properties**

There was no disposal of unquoted investments and/or properties in the current financial period.

**15 Acquisitions and disposals of quoted securities**

There were no acquisitions and disposals of quoted securities in the current financial period.

**16 Investment in quoted securities**

Details of the investments in quoted securities held by the Group are as follows:

	Carrying value	Market value
	31 March 2010 RM'000	31 March 2010 RM'000
Investment in TIME dotcom Bhd ("TdC")	352,198	352,198

**17 Status of corporate proposals announced but not completed as at the date of this announcement**

The Company had on 17 July 2009 announced its proposal to seek a shareholders' approval, if deemed fit in the future, to dispose of up to 726,181,720 ordinary shares of RM1.00 each in TdC ("TdC Shares"), representing up to 28.69% of TdC's issued and paid-up share capital ("Proposed Disposal of Subject Shares"). The shareholders' approval for the Proposed Disposal of Subject Shares shall hereafter be referred to as the "Proposed Shareholders' Mandate".

The Proposed Shareholders' Mandate was duly passed at the Extraordinary General Meeting on 21 August 2009.

**18 Derivatives**

There are no derivatives as at the date of this announcement.

**19 Material litigation**

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.



**Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2010**

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB**

**20 Comparison between the current quarter and the immediate preceding quarter**

The Group recorded a lower revenue of RM25.4 million in the current quarter compared to the immediate preceding quarter of RM29.7 million. The lower revenue in the current quarter was mainly due to the completion of the maintenance work in relation to the Teaching and Learning of Science and Mathematics in English Programme (“PPSMI”) project.

The Group’s operation remains profitable in the current quarter, with a higher operating profit margin of 28.3% compared to 23.7% in the immediate preceding quarter.

**21 Performance review for the current quarter**

**Quarter ended 31 March 2010 compared with quarter ended 31 March 2009**

The Group’s revenue improved slightly in the current quarter of RM25.4 million as compared to the preceding year corresponding quarter of RM25.2 million.

The Group recorded a lower profit before tax of RM3.5 million in current quarter compared to the preceding year corresponding quarter of RM8.0 million, due to higher financial expenses incurred on the redeemable secured loan stocks. A total interest waiver of RM7 million was reported in the preceding year corresponding quarter ended 31 March 2009, resulting from the implementation of the debt restructuring exercise.

**22 Prospects for 2010**

Given the higher cost of sales and finance cost, the prospects for year 2010 remain challenging. Notwithstanding the above, the Group is confident that with new opportunities, the Group’s operation will remain profitable.

**23 Variance for actual and forecast profit**

The Company did not issue any profit forecast or profit guarantee during the financial period.

**24 Earnings per share**

	<b>Current year quarter 31.3.2010</b>	<b>Preceding year corresponding quarter 31.3.2009</b>	<b>Three months to 31.3.2010</b>	<b>Three months to 31.3.2009</b>
Profit attributable to the owners of the parent (RM’000)	871	6,895	871	6,895
Weighted average number of shares (’000)	775,245	775,245	775,245	775,245
Basic earnings per share (sen)	0.11	0.89	0.11	0.89

**25 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

Kuala Lumpur  
17 May 2010

By Order of the Board  
SAPIAH JAMALUDIN  
(MAICSA 0807355)  
Company Secretary